

## Message Text

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C O N F I D E N T I A L SANTIAGO 6079

FOR SECRETARY VANCE AND ADMIN GILLIGAN

ARA FOR MCNEIL

E. O. 11652: GDS  
TAGS: SPOP, CI  
SUBJECT: POPULATION GROWTH AND ADQUATE FOOD PRODUCTION

REF: STATE 200391

I FULLY APPRECIATE THE IMPORTANCE ATTACHED TO POPULATION AND FOOD PROBLEMS AND, UNDER NORMAL CIRCUMSTANCES, WOULD WELCOME THE OPPORTUNITY TO INITIATE A HIGH LEVEL DIALOGUE WITH CHILEAN OFFICIALS ON THESE ISSUES. HOWEVER, PRESSING CURRENT PROBLEMS, PARTICULARLY THE OUTCOME OF THE LETELIER/MOFFITT CASE AND, LINKED TO IT, THE SURVIVAL OF THE REGIME ITSELF, ARE VIRTUALLY PRE-EMPTIVE AND ARGUE RATHER PERSUASIVELY FOR DEFERRING A REGULAR PROGRAM OF CONVERSATIONS UNTIL BI-LATERAL RELATIONS ARE MORE SETTLED. MEANWHILE, OF COURSE, I WILL LOOK FOR TARGETS OF OPPORTUNITY FOR SUCH DISCUSSION.

IN MANY OF THESE AREAS, CHILE IS ATYPICAL OF THE THIRD WORLD AND ITS SPECIAL CHARACTERISTICS ARE WORTH KEEPING IN MIND AS THE TIME FOR DIALOGUE APPROACHES.

(A) CHILEANS HAVE LONG RECOGNIZED POPULATION GROWTH AS A PROBLEM. FOR 16 YEARS, PRIVATE AND PUBLIC HEALTH SECTORS HAVE  
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ACTIVELY COLLABORATED ON FAMILY PLANNING PROGRAMS. AS A RESULT, BIRTHS PER THOUSAND DURING THIS PERIOD HAVE DROPPED FROM 36 TO 22 (IN 1977), MAKING CHILE ONE OF LATIN AMERICA'S POPULATION SUCCESS STORIES.

(B) THE CHILEAN RECORD IN THE FIELD OF NUTRITION HAS BEEN EXEMPLARY. SINCE 1940, CHILE HAS GIVEN A HIGH PRIORITY TO NUTRITIONAL PROGRAMS, AND THE PRESENT GOVERNMENT WORKING WITH

A NUMBER OF PUBLIC AND PRIVATE AGENCIES HAS BUDGETED \$100,000,000 PER YEAR FOR THIS PURPOSE. IN REVIEWING THE CHILEAN PROGRAM TO COMBAT MALNUTRITION, A SENIOR US CONSULTANT RECENTLY CONCLUDED THAT CHILE, WITH ITS VARIETY OF RESOURCES, HAS "THE BEST POTENTIAL FOR ATTACKING MALNUTRITION OF ANY COUNTRY IN THE WORLD."

(C) IN AGRICULTURAL POLICY, CHILE HAS OSCILLATED BETWEEN AGRARIAN REFORM INCLUDING SUBSIDIZING SMALL SCALE FARM OPERATIONS (PRE-1973) AND LETTING THE "INVISIBLE HAND" OF THE MARKET PLACE REWARD EFFICIENT PRODUCERS (POST-1973). THE FORMER HELPED BROADEN PARTICIPATION IN THE ECONOMY BUT LED TO LOW PRODUCTIVITY AND A SIZEABLE TRADE DEFICIT IN FOOD. THE LATTER SEEMS TO HAVE HELPED CHILE CLOSE THE TRADE DEFICIT AND, INDEED, MAY LEAD TO A NET FOOD SURPLUS BUT WITH POSSIBLY SERIOUS SOCIAL CONSEQUENCES.

THIS DILEMMA - IF IT IS ONE - SEEMS TO LIE AT THE HEART OF CHILE'S FOOD-PRODUCTION PROBLEM. THERE IS ALSO A POSSIBLE CONFLICT BETWEEN OUR HUMAN RIGHTS OBJECTIVE OF GREATER SOCIO-ECONOMIC EQUITY AND THE PERCEIVED REQUIREMENTS FOR BRINGING ABOUT RAPID FOOD PRODUCTION INCREASES IN CHILE. THE PRESENT MILITARY GOVERNMENT IS COMMITTED TO THE PRINCIPLES OF A FREE-MARKET ECONOMY IN AGRICULTURE AS IN INDUSTRY AND COMMERCE. THEIR OBJECTIVE IS TO ENCOURAGE THE EXPANSION OF AGRO-BUSINESS AND LARGE SCALE MORE EFFICIENT PRODUCTION, AND THEY SEEM TO BE ACHIEVING THAT GOAL. WITH OUR WINDING DOWN AID PROGRAM, PRACTICALLY LIMITED TO TITLE II OPERATIONS, THERE

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IS LITTLE WE CAN DO TO REDIRECT THEM TOWARD SOCIO-ECONOMIC EQUITY GOALS, BUT WE MUST ALSO FACE THE POSSIBILITY, IF FOOD PRODUCTION IS THE TOPMOST PRIORITY, THAT BOTH MASTERS CANNOT BE SERVED AT THE SAME TIME.

CHILEANS PERCEIVE THEIR RECENT SUCCESSES AS SELF-GENERATED. FOLLOWING CONGRESSIONAL SUSPENSION OF MUCH OF THE BI-LATERAL AID PROGRAM, THE GOC ITSELF IN 1977 ASKED THAT THE REMAINING PROGRAMS EXCEPT FOR TITLE II PL 480 BE HALTED. CHILE IS ONE OF THE FEW COUNTRIES IN THE WORLD AGAINST WHICH THE US HAS CAST NEGATIVE VOTES ON LOAN REQUESTS IN INTERNATIONAL FINANCIAL INSTITUTIONS. OUR RESIDUAL PROGRAM HAS HAD SOME IMPACT IN NUTRITIONAL AND SELF-HELP AREAS BUT CHILEANS SEE THEMSELVES DOING SOME USEFUL THINGS DESPITE -- NOT BECAUSE OF -- OUR ROLE. THIS IS NOT A SITUATION THAT GIVES US MUCH INFLUENCE.

THERE IS A FURTHER SUB-ISSUE. CHILE IS VIRTUALLY A PARIAH IN THE THIRD WORLD COMMUNITY, AND ITS SUCCESSES, PARTICULARLY IN THE NUTRITION AND POPULATIONS FIELDS, CANNOT THEREFORE EFFECTIVELY AND PERSUASIVELY SERVE AS MODELS FOR OTHER THIRD WORLD NATIONS. THERE IS IRONY IN THIS SINCE THESE CHILEAN PROGRAMS WERE STARTED EARLIER AND ARE SIMPLY BEING CONTINUED BY THE MILITARY GOVERNMENT, BUT IT IS A FACTOR THAT HAS TO BE KEPT IN MIND.

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